

**ASSEMBLY BILL**

**No. 2335**

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**Introduced by Assembly Member Brownley**

February 19, 2010

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An act to add Section 41054 to the Education Code, relating to education finance.

LEGISLATIVE COUNSEL'S DIGEST

AB 2335, as introduced, Brownley. Education finance: school-based financial reporting system.

Existing law establishes the public school system in this state, and, among other things, provides for the establishment of school districts throughout the state and for their provision of instruction at the public elementary and secondary schools they operate and maintain. Existing law establishes a public school funding system that includes, among other elements, the provision of funding to local educational agencies through state apportionments, the proceeds of property taxes collected at the local level, and other sources.

This bill would express findings and declarations of the Legislature with respect to the school funding system in the state. This bill would require the Superintendent of Public Instruction to study prescribed topics relating to a school-based financial reporting system and to make findings and recommendations to the Legislature and the Governor about these topics on or before December 1, 2011.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1     SECTION 1. The Legislature finds and declares all of the  
2 following:

3     (a) The 22 studies of the Getting Down to Facts Project and the  
4 Governor's Committee on Education Excellence were consistent  
5 in their conclusions that California's current education finance  
6 system is overly complex, irrational, and burdensome, and is in  
7 need of a long-term plan for comprehensive reform.

8     (b) The complexity of the current system poses a major obstacle  
9 to transparency and effectiveness. It is almost impossible to  
10 determine how much revenue each school district receives or how  
11 those revenues are spent, let alone to report this information to  
12 local communities, stakeholders, and the state.

13     (c) The current system is not logical, with district revenues that  
14 are largely a historical artifact of spending in the 1970s, combined  
15 with a confusing and burdensome system of categorical programs.  
16 Disparities in school and district revenues are substantial, and are  
17 not aligned to pupil or educator needs.

18     (d) The system places substantial restrictions on the use of  
19 resources by schools and districts, creating high compliance costs  
20 and making it difficult for local educators to respond to the needs  
21 of their pupils. Fewer paperwork requirements and more flexibility  
22 in allocating resources are cited by school principals as two of the  
23 most important factors in improving pupil outcomes.

24     (e) Many schools and districts lack the proper tools or capacity  
25 to ensure that money is spent on the most effective programs and  
26 practices. Research consistently finds that successful schools use  
27 data to inform teaching practices and innovation. However,  
28 California schools and districts vary widely in their use of data  
29 and in their capacity to use data to improve pupil performance.

30     (f) Ensuring that money is spent efficiently and effectively  
31 requires a complete understanding of how money is allocated by  
32 school districts and spent within schools. However, California  
33 does not collect financial data that is useful for determining the  
34 effectiveness of resources at the state, district, or school levels.

35     (g) Therefore, it is the intent of the Legislature to do both of the  
36 following:

1 (1) Support accountability by increasing the transparency of  
2 state funding mechanisms and of expenditure decisions at the local  
3 level.

4 (2) Improve the reporting of financial data so that programmatic  
5 investments can be linked to programs at school sites that increase  
6 pupil achievement.

7 SEC. 2. Section 41054 is added to the Education Code, to read:

8 41054. (a) The Superintendent shall study, and report upon,  
9 both of the following topics with respect to moving to a  
10 school-based financial reporting system:

11 (1) Modifications to the standardized account code structure to  
12 provide school-level reports on revenue and expenditures to  
13 facilitate easy comparisons across schools and districts, including  
14 comparisons of school, district, and statewide demographics and  
15 academic performance, and data on program-level expenditures.

16 (2) An evaluation mechanism to facilitate continuous  
17 improvement, maximum transparency, and accountability of the  
18 primary funding structures, as well as a consistent process to  
19 evaluate the effectiveness of any specific programs that are funded  
20 separately.

21 (b) The Superintendent shall present the findings and  
22 recommendations reached pursuant to this study to the Legislature  
23 and the Governor on or before December 1, 2011.